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IN THE
Supreme Court of the United States
OCTOBER TERM, A. D. 1937.

No. [REDACTED]

51

ARMSTRONG PAINT AND VARNISH WORKS,
Petitioner,

vs.

NU-ENAMEL CORPORATION, an Illinois corporation,

and

NU-ENAMEL CORPORATION, a Delaware corporation,

Intervener,

Respondents.

BRIEF FOR RESPONDENTS
OPPOSING APPLICATION FOR WRIT OF CERTIORARI.

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IN THE
Supreme Court of the United States,

October Term, A. D. 1937.

No. 1046

ARMSTRONG PAINT AND VARNISH WORKS,

Petitioner,

vs.

NU-ENAMEL CORPORATION, an Illinois corporation,

and

NU-ENAMEL CORPORATION, a Delaware corporation,
Intervener,

Respondents.

**BRIEF FOR RESPONDENTS
OPPOSING APPLICATION FOR WRIT OF CERTIORARI.**

There are various reasons why, as it seems to us, there is no need for the Court to review this case. It has been twice decided adversely to Petitioner by the Circuit Court of Appeals for the Seventh Circuit. The first decision (81 Fed. (2d) 1) was by Judges Evans, Sparks and Alschuler. The opinion was written by Judge Evans. The second decision (95 Fed. (2d) 448) was by Judges Evans, Treanor and Lindley, the opinion being written by Judge Lindley.

In *Magnum Import Co. v. Coty*, 262 U. S. 159, Mr. Chief Justice Taft said (163) in speaking of the exercise of the jurisdiction to bring up cases by certiorari:

“ . . . the jurisdiction was not conferred upon this court merely to give the defeated party in the circuit court of appeals another hearing.”

1. There is no final decree to be reviewed.

The opinion of the Circuit Court of Appeals was filed on February 24, 1938 (R. 134), a petition for rehearing was filed on March 16, 1938, and denied on March 28, 1938 (R. 139), the mandate thereupon issued and was filed in the District Court on March 29, 1938 (R. 141). On April 11, 1938 (R. 141), an interlocutory decree for an injunction and accounting was presented to the District Court. Counsel for Petitioner suggested their purpose to file this petition, whereupon the motion for the entry of the decree was continued. On May 4th, Petitioner asked the Circuit Court of Appeals to recall and stay its mandate (R. 140). This motion was granted (R. 144). There is, therefore, no final decree. The only decree pending is the suggested interlocutory decree which Respondents moved the District Court to enter.

2. There is no question of general interest.

This is a suit between private traders involving trade mark infringement.

The question is primarily one of fact. All trade mark cases are cases of unfair competition. To attempt to place them in a different category is merely to play with words. The essence of the wrong is the false representation, however it may be made, that the goods of one producer or vendor are those of another, and, as Mr. Justice Pitney pointed out in *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 401, 413, this essential element is the same whether the wrong is called trade mark infringement or unfair competition. This element must depend upon the facts; and, "it being a question of fact no previous case can be an authority for any other case, each case must depend upon the facts applicable to that case alone" (Lord Halsbury in *The Cellular Clothing Company v. Mawson and Murray*, 16 R. P. C. 397, 404).

Many years ago, this Court (quoting Lord Justice Turner) said in *Howe Scale Co. v. Wyckoff*, 198 U. S. 118, 37:

“It is a question of evidence in each case whether there is false representation or not.”

A trade mark is a mark used in trade which is capable of identifying or which in fact does identify, goods as coming from a particular trader. In this case, the Circuit Court of Appeals found, and it is admitted, that the word Nu-Enamel means Respondents and their products only, and is so understood; and that this word is a mark by which respondents' goods are distinguished from other goods of the same class. This is not a finding made upon conflicting evidence, but upon Petitioner's admission in a formal pleading intentionally made.*

There is no need then of discussing whether as a matter of legal presumption, the name Nu-Enamel is or is not theoretically a valid trade mark. It is conceded that in fact it is distinctive of Respondents' goods. It, therefore, is Respondents' trade mark. It is unimportant that the syllable Nu or New may have been used in combination with other words or syllables on other goods. This case is specific and concrete. Moreover, Petitioner used the words Nu-Beauty Enamel not to describe its goods, but as a trade name to designate them. The evidence shows that the result of this is the passing off of Petitioner's goods as and for the respondents'. Therefore, Petitioner has committed a wrong

* The admission is in the answer. (R. 13).

“Defendant admits that the name ‘Nu-Enamel’ has come to mean and is understood to mean, throughout the United States, including the State of Illinois and the City of Chicago, the plaintiff and plaintiff's products only, and the word ‘Nu-Enamel’ is a mark by which the goods of the plaintiff are distinguished from other goods of the same class.”

against Respondents, because the wrong which equity prevents in trade mark cases is, as this Court has said, the sale of one manufacturer's or vendor's goods as those of another (*Hanover Star Milling Co. v. Metcalf*, 240 U. S. 401, 413).

3. The registration of Respondents' trade mark is valid.

The word Nu-Enamel is registered as a trade mark for mixed paints, varnishes, paint enamels, prepared shellacs, stains, lacquers, liquid cream furniture polish, and colors ground in oil (R. 9) under an Act of Congress which provides (15 U. S. C., Sec. 124) for an action at law for damages and a suit in equity against any one who without the consent of the owner colorably imitates "any trade mark on the register provided by this Act" and shall use such colorable imitation in interstate commerce on goods of substantially the same descriptive properties as those set forth in the registration. Petitioner in this case comes within this express language. It is using a colorable imitation* of Respondents' registered trade mark in interstate commerce upon the goods set forth in the certificate of registration. The District Courts are given original jurisdiction of all suits in equity "respecting trade marks registered in accordance with the provisions of this act" (15 U. S. C., Secs. 97, 126).

4. The District Court had jurisdiction.

Petitioner suggests that this suit was really for unfair competition, not for trade mark infringement. It asserts that the trade mark is invalid because descriptive and the

* It is clear that Nu-Beauty Enamel is a colorable imitation of Nu-Enamel under the definition of the term "colorable imitation" as used in the Trade Mark Act in *Dauids v. Dauids*, 233 U. S. 461, 469, where it was held that "C. I. Dauids" and "Dauids Mfg. Co." were colorable imitations of the word "Dauids".

registration is void. Therefore, it is said that jurisdiction failed and the Court could not pass on the issue of unfair competition because both parties were Illinois corporations and there was no diversity of citizenship. We understand the law to be that when there is a cause of action grounded in infringement of a registered trade mark, there may be coupled with it a second cause of action for unfair competition, and if the unfair competition arises from the same acts which constitute trade mark infringement, the Court has jurisdiction over the unfair competition question even though there be no diversity of citizenship. Moreover, the Court retains its jurisdiction over the second cause of action even though the first may fail (*Hurn v. Oursler*, 289 U. S. 8; *L. E. Waterman Co. v. Gordon* (C. C. A. 2) 72 Fed. 2d 272; *Warner Publication, Inc. v. Popular Publications, Inc.* (C. C. A. 2) 87 Fed. (2d) 913; *Vogue Co. v. Vogue Hat Co.* (C. C. A. 6) 12 Fed. (2d) 991). However, during the pendency of this case, the original plaintiff, Nu-Enamel Corporation, the Illinois corporation, was succeeded by Nu-Enamel Corporation, a corporation of Delaware which acquired all its property and business, including the trade mark Nu-Enamel and its registration. The Delaware corporation intervened (R. 22-25) under Equity Rule 37. Hereafter, the case proceeded with the Delaware corporation as plaintiff. So, while we are confident that the Court had jurisdiction originally, any defect was cured before trial.

Petitioner further suggests that a mark which has acquired a distinctive or so-called secondary meaning can never be a trade mark. In *Coca-Cola Company v. Koke Company of America*, 254 U. S. 143, this Court held that the word Coca-Cola had "acquired a secondary meaning in which perhaps the product is more emphasized than the producer, but to which the producer is entitled", and granted a decree which held "that the word 'Coca-Cola' is a valid trade mark". Moreover, descriptiveness is no ob-

jection to registration under the Trade Mark Act of 1920. Indeed, the purpose of this Act is to permit the registration of quasi descriptive and suggestive marks in bona fide use for not less than one year (U. S. C. Title 15, Sec. 121). There is no such prohibition in the Act of 1920 against the registration of descriptive marks such as there is in the Act of 1905 (U. S. C. Title 15, Sec. 85). On the contrary, the 1920 Act authorizes the registration of "all other marks not registrable" under the Act of 1905 except those specified in paragraphs (a) and (b) of Section 85. Paragraphs (a) and (b) forbid the registration of marks which are immoral or scandalous or comprise the flag or coat of arms or other insignia of the United States, etc. Therefore, we suggest that the alleged descriptiveness of Respondents' trade mark, even if true, would not affect its registration under the Act in question or render it invalid.

While it has been held that registration under the Act of 1920 (15 U. S. C., Sec. 121 and following) carries no presumption of validity, in this case the lack of any such presumption is supplied by Petitioner's admission that the registered mark *in fact* performs the function of a trade mark because it identifies the registrant's goods. Therefore, as between the parties to this case the trade mark is valid. Moreover, the statute provides a direct proceeding to cancel improperly registered marks (15 U. S. C., Sec. 122), of which Petitioner has not availed itself. In view of Petitioner's admissions that the trade mark is distinctive and its failure to attack the registration directly, it should not be permitted to do so collaterally in an attempt to avoid accountability for its piracy.

5. There is no diversity of decision between different courts.

On the contrary, the decisions have been unanimous in sustaining Respondents' trade-mark and enjoining infringements of it. (*Nu-Enamel Corporation v. Nate Enamel Co.*,

Inc., 243 N. Y. App. Div. 292 [affirmed in 268 N. Y. 574.]
Nu-Enamel Corporation v. True Enamel, Inc., Chancery
 Court of New Jersey, Docket 103/320, decided Mar. 6, 1935
 [unreported]. *Long Island Nu-Enamel Co. Inc. v. Neustein*,
 U. S. D. C., E. D., New York, No. E7377-1934 [unreported].
Nu-Enamel Corporation v. U-Enamel-It, Inc., U. S. D. C.,
 S. D., New York, No. E78-193-1934 [unreported].)

6. Petitioner's infringement.

The trade mark Nu-Enamel was first used by C. L. Lloyd, Respondents' predecessor in business, in the latter part of 1922 or the first part of 1923 (R. 28). The products upon which it was originally used were paints, varnishes, enamels, top dressings and brushes (R. 28). Other items were added from time to time. When this suit was begun, the trade mark Nu-Enamel was being used on the following additional items: wood powder, patching plaster, wax, enamelized paint, flat white varnish, varnish stain, utility block thinner floor finish, bronze liquid, linoleum finish, polish, casein paint, metallic finish remover, glue, mineral and oil colors, liquid solder and tack rags (R. 28, 135).

Respondents' goods bearing the Nu-Enamel trade mark are sold in every state of the union and in twenty-one foreign countries. There are approximately 3,000 dealers throughout the United States selling Nu-Enamel goods, and there are 300 stores operating under the name Nu-Enamel, handling these products exclusively. Twenty-five or thirty of the Nu-Enamel stores are located in Chicago and vicinity. The name Nu-Enamel is conspicuously displayed about them (R. 29):

The sales of Nu-Enamel goods in the past four years have been over \$4,250,000.00 (R. 29). Several hundred thousand dollars has been spent each year in advertising them (R. 30).

Respondents' trade mark is illustrated on pages 7 and 9 of the record. The word Nu-Enamel is shown in a curve thus—

NU-ENAMEL

The label used by Petitioner when this suit was brought (R. 11) displayed the words Nu-Beauty Enamel on the front. Petitioner's name appeared only on the back. Petitioner's advertising signs like the one here illustrated (from Plaintiff's Exhibit T) were before the Court below.



7. The purpose of Petitioner's acts and their result.

The evidence of Petitioner's bad motive in adopting the colorable imitation of Respondents' trade mark is overwhelming, and this in itself is almost conclusive on the issue of infringement. Petitioner knew of Respondents'

trade mark before adopting the designation Nu-Beauty Enamel for its competing goods. It went out to "get their share of that business created by the demand for Nu-Enamel" (R. 66). It hired a man, formerly employed by Respondents, to "put this proposition over" (R. 64). Respondents' advertising was copied, their customers solicited (R. 65), and retail outlets opened as near to Respondents' as possible (R. 65).

The testimony is very clear and Petitioner's scheme was plain. Its advertising manager, Milton C. Fisher, stated (R. 74) that in 1933 Petitioner put out a product called "Nu-Beauty Furniture Cream"; that in August, 1934, it brought out "Nu-Beauty Enamel"; that the other items of the line under the name "Nu-Beauty" were later; and (R. 75): "Prior to 1934, when we adopted the name Nu-Beauty Enamel, our company had been putting out enamels and varnishes under some other trade mark. * * * The product which we put out in 1934, was not a new product; we didn't at that time add enamels and varnishes to our line of products, we had been putting those out previously". Again, "I had heard of Nu-Enamel before I suggested the name Nu-Beauty for this furniture polish and for this line of products." (R. 74). Speaking of Nu-Enamel, the witness said (R. 73): "I am familiar with a product sold under the trade-mark Nu-Enamel. It is a well known product. I have seen it on sale in stores, in and about Chicago, by the name of Nu-Enamel". Again (R. 76): "When we adopted Nu-Beauty for cream, furniture cream, and enamel and varnish, I was familiar or was aware of the trade-mark Nu-Enamel."

So we have the admitted fact that when the name Nu-Beauty Enamel was adopted, Petitioner knew of Respondents' trade mark Nu-Enamel and that Respondents' goods were well known.

Not content merely with adopting a name for a competing line which Petitioner knew was the well known designation of a competitor's goods, it hired W. J. Nelson who

had been an employee of a company affiliated with Respondents.

Nelson testified (R. 64):

"I was hired to devote all of my time and effort to the promotion, development and sale of New-Beauty Enamel. At the time he (Van Antwerp, Petitioner's Vice President and Sales Manager) employed me he told me he was not quite ready to start it at that time, that he had some changes he was making and some things were not in quite the shape to proceed, and we set the date for June 3rd to start my employment. . . .

I was told that they were not capable of instructing me, with the experience I had in developing Nu-Enamel, but told me they were going to look to me for suggestions and instructions. They told me I would have to use my own initiative and they were depending on me to put this proposition over in the same manner Nu-Enamel had been put over. I was told that they had no definite policy outlined, and that Nu-Enamel had done an outstanding job in that specialty field, and that I knew more about that than they did, that I should use my own judgment, develop it and put it over on the same basis if necessary." (Interpolation ours.)

Nelson turned over to Petitioner, Nu-Enamel sales material. He proceeded to develop the department on the same lines used by Respondents. He solicited and engaged new distributors, which were most always in the vicinity of a Nu-Enamel store or Nu-Enamel dealer (R. 65). The Nu-Enamel advertising matter was copied and adapted. Nelson testified (R. 65):

"I mentioned to Mr. Fisher, the advertising manager, the similarity of these two, the design on those two color cards. I said 'That is a copy of the Nu-Enamel girl.' He said 'We just straightened her up a little bit and gave her the sign to hold'."

Indeed, the Petitioner's establishment was so permeated with Nu-Enamel ideas that (R. 66):

"Mr. Sappington (Petitioner's assistant sales manager) said several times that Nu-Enamel had made the public enamel conscious, and that we were going out to get their share of that business created by the demand for Nu-Enamel. It was the custom in and around the offices of the Armstrong Paint & Varnish works in referring to New-Beauty Enamel to call it Nu-Enamel as often as it was called New-Beauty Enamel. It was general unless one was specific in his conversation to distinguish between the two." (Interpolation ours.)

Also, the prices of Nu-Enamel, which were unusual, were adopted by the Petitioner (R. 65). Every step was taken with Nu-Enamel in view, and (R. 69), "They compared to Nu-Enamel, Nu-Enamel was used as the standard of comparison of all enamels in the Armstrong laboratory."

When the suit was brought, Mr. Nelson testified (R. 69):

"Mr. Goldsmith (Petitioner's president) told me, as well as Mr. Van Antwerp (vice president and sales manager) and Mr. Sappington (assistant sales manager), that we had to soft pedal these New-Beauty merchandising ideas until this suit was over, and that Mr. Goldsmith hesitated to go ahead with the proposition. They called Mr. Armstrong the skipper. They said the skipper was very much worried about it. They told me to tone down in carrying on the New-Beauty establishment of dealers and distributors and asked me to go into the full line, sell the full line of Armstrong products under other brand names. At one time Mr. Van Antwerp said 'I don't want this copying of Nu-Enamel ideas too evident.'" (Interpolations ours.)

None of these statements was denied.

So the Court below had before it this situation. Nu-Enamel goods were well known products under a well known

name and was well known to Petitioner who, as its advertising manager candidly put it, was "going out to get their share of that business created by the demand for Nu-Enamel" (R. 66). There was a conscious effort to appropriate everything in sight so that Petitioner's purpose to get the Nu-Enamel business might be successfully carried out.

Petitioner's intent to appropriate Respondents' business succeeded. People bought its goods in the belief that they were Respondents' (R. 44-45, 65).

Forty-four instances of passing off Petitioner's product for Respondents' at twenty-seven stores on fifty-one calls were proved (R. 47-62).

Petitioner, by furnishing to dealers the instrument of fraud, is responsible for the use that is made of it. *Federal Trade Commission v. Winsted Hosiery Company*, 258 U. S. 433, where Mr. Justice Brandeis said (494):

"That a person is a wrongdoer who so-furnishes another with the means of consummating a fraud has long been a part of the law of unfair competition."

8. The decision of the Circuit Court of Appeals was correct.

This case presented a definite and undisputed fact situation to the Court below. A distinctive name, made valuable by Respondents' efforts and advertising, and one which Petitioner admits is the well-recognized means of distinguishing Respondents' products, registered under the Federal Act and the registration unassailed, was deliberately imitated by Petitioner with the result that Petitioner's goods are passed off as Respondents'.

Like the one referred to by Mr. Justice Holmes, when Chief Justice of Massachusetts, in *American Waltham Watch Co. v. United States Watch Co.*, 173 Mass. 85, 87: "The question is specific and concrete". The Court below put a stop to a manifest, intentional, and successful fraud, perpetrated by Petitioner upon Respondents.

Stripped of all sophistry, this case comes down to this simple fact. Respondents adopted a name which admittedly and in fact identifies their goods. This name is Respondents' registered trade mark. Petitioner intentionally used a colorable imitation to designate competing goods which in fact caused them to be passed off as the goods of the respondents. The cause of action was complete and on rudimentary principles of fair dealing, Respondents are entitled to the relief which the Court awarded.

Respectfully submitted,

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